

ALJ/MSW/avs

Decision 02-01-031 January 9, 2002

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of Southern California Edison  
Company (U 338-E) for Approval of New Rates  
To Be Implemented At The End Of The Rate  
Freeze Period And Other Requested Relief.

Application 00-01-009  
(Filed January 7, 2000)

**ORDER DISMISSING APPLICATION AND CLOSING PROCEEDING**

In this application Southern California Edison Company (Edison) seeks approval of revenue allocation and rate design proposals that would become effective concurrently with the end of the statutory rate freeze. In a ruling issued on June 4, 2001, the assigned Administrative Law Judge on June 4, 2001 noted that since Edison filed this application in January 2000, significant events have occurred that may have a bearing on the appropriate rates for the post rate-freeze period. These include the run-up of wholesale electric prices, the assumption of procurement responsibility by the California Department of Water Resources, and the issuance of Decision (D.) 01-05-064. That decision implemented conservation-oriented electric rate design principles for Edison and Pacific Gas and Electric Company.

The June 4 ruling directed Edison to file a proposal for disposition of this application, and permitted other parties to file responses to Edison's proposal. Edison timely filed a proposal to withdraw its application on June 25, 2001. The Utility Reform Network (TURN) filed a response on July 10, 2001.

Edison states that recent events have significantly changed the circumstances and assumptions that prevailed when it filed the application. Given the current uncertainties related to distribution service ratemaking, Edison now sees no compelling reason to redesign distribution rates to be effective concurrent with the end of the rate freeze. Edison notes that the ratemaking elements that need to be considered before the end of the rate freeze have either been addressed or are being addressed elsewhere. In D.00-06-034, the Commission adopted methodologies for allocating ongoing transition costs, public purpose programs, and nuclear decommissioning costs. With respect to the post-transition energy procurement charge, the Commission is evaluating revenue requirements for utility-retained generation and the Department of Water Resources revenue requirement in Application (A.) 00-11-038 et al. In D.01-05-064, issued in A.00-11-038 et al, the Commission modified rate structures to promote conservation, and in Rulemaking 01-05-047 the Commission is considering changes to baseline allowances. Edison submits that with these and other potential rate changes, it may not be appropriate to implement additional rate design changes in the near term.

Accordingly, Edison proposes to withdraw its application. In the alternative, Edison proposes that its application be dismissed without prejudice. To the extent that rate design should be considered again for the post-rate freeze period, Edison intends to submit new revenue allocation and rate design proposals, with emphasis on distribution rates, in the second phase of a test year 2003 general rate case filing. Edison believes that this is consistent with the Commission's intent, stated in D.01-05-064 at pp. 53-54, to embark on a comprehensive review of rate design in early 2002.

TURN supports dismissal of the application without prejudice. TURN requests that in its decision dismissing the application, the Commission

articulate the reasons for dismissal, so that any future attempt by a utility to withdraw a pending application will not inappropriately rely on the current circumstances. TURN also requests that the Commission recognize that there are intervenor compensation related issues associated with the application. TURN asks that we include an ordering paragraph similar to Ordering Paragraph 4 from D.01-02-040, which granted the motion of MCI World Com and Sprint Corporation to withdraw a merger application (Application 99-12-012):

Nothing in this decision shall preclude any party already deemed eligible for intervenor compensation from seeking such compensation in this proceeding, or, to the extent this proceeding's record is used in other proceedings, in those other proceedings, provided there is no duplicate compensation.

### **Discussion**

We will dismiss the application without prejudice. At this time the Commission's resources, as well as those of Edison and other parties, can be better devoted to more pressing problems associated with California's electric crisis. Several of the issues raised in this application have been or are being addressed elsewhere, and many of the assumptions and circumstances underlying the application have changed. We find that there is no pressing need to litigate post transition rate design methodologies at this time, in this proceeding. In light of the events that have occurred since Edison filed this application in January 2000, Phase 2 of Edison's test year 2003 general rate case application is a more timely and appropriate forum for resolving Edison's post rate freeze revenue allocation and rate design.

Public Utilities Code Sections 1801 et seq. establish a program of utility/ratepayer funding for intervenors in Commission proceedings. The Legislature intends that "[i]ntervenors be compensated for making a substantial contribution to proceedings of the commission, as determined by the commission

in its orders and decisions.” (Section 1801.3(d).) The Legislature further intends that the intervenor compensation program “shall be administered in a manner that encourages the effective and efficient participation of all groups that have a stake in the public utility regulation process.” (Section 1801.3(b).) Pursuant to the stated legislative intent, we will protect the right of eligible parties to request intervenor compensation.

### **Comments on the Draft Decision**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **Findings of Fact**

1. Circumstances and assumptions underlying this application have changed since Edison filed it in January 2000.
2. There is no need to proceed with this application at this time.

### **Conclusions of Law**

1. The application should be dismissed without prejudice.
2. The right of eligible parties to request intervenor compensation in this proceeding should be protected.

**O R D E R**

**IT IS ORDERED** that:

1. Application 00-01-009 is dismissed without prejudice.
2. Eligible parties may request intervenor compensation.
3. This proceeding is closed.

This order is effective today.

Dated January 9, 2002, at San Francisco, California.

LORETTA M. LYNCH

President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners